Crown Corporations Council

A Manitoba Crown Corporation

1st ANNUAL REPORT

For the period June 5, 1989 to December 31, 1989

CROWN CORPORATIONS COUNCIL

MANDATE

* **Duties of Council**

The Council shall

(a) facilitate, in co-operation with each corporation, the development of a clearly defined mandate and a clear statement of purpose for the corporation;

(b) facilitate, in co-operation with each corporation, the development of consistent and effective criteria for measuring the corporation's performance;

(c) review long term corporate plans and capital expenditure proposals of corporations, ensure consistent practices among two or more corporations where appropriate and provide any advice to the Lieutenant Governor in Council on those plans, proposals and practices or any other matter of policy affecting corporations that may be requested by the Lieutenant Governor in Council;

(d) receive and hear submissions from any person who, in the opinion of the Council, has knowledge respecting any aspect of a corporation's activities regarding alleged failures by the corporation to comply with any Act or any policy of the Council.

*6(1) The Crown Corporations Public Review and Accountability Act

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CROWN CORPORATIONS COUNCIL

(As at December 31, 1989)

MEMBERS OF COUNCIL

	Members		Principal Occupation
	William E. Emerson	Acting Chair	President & Chief Executive Officer of Council
***	Carol Hendrickson	Vice-Chair	Life Underwriter Imperial Life Assurance Co. Brandon, Manitoba
*	Barrie Brooks	Member	General Manager Borland Construction (1989) Limited
	George Chuchman	Member	Assistant Professor of Economics, University of Manitoba
**	William Mackness	Member	Dean, Faculty of Management University of Manitoba
	Barbara J. McFarlane	Member	Barrister Buchwald Asper Henteleff
****	James Oborne	Member	President Westgate Capital Management Ltd.

EXECUTIVE OFFICERS

William E. Emerson ..... President & Chief Executive Officer

Jon Singleton ..... Vice-President, Finance

James Crooks ..... Vice-President, Human Resources

Head Office

320 - 530 Kenaston Boulevard, Winnipeg, Manitoba
Telephone: (204) 949-5270 Fax: (204) 949-5283

* Chairman, Audit Committee
** Chairman, Planning & Compensation Committee
*** Member, Planning & Compensation Committee
**** Member, Audit Committee

CROWN CORPORATIONS COUNCIL ANNUAL REPORT

LETTER OF TRANSMITTAL

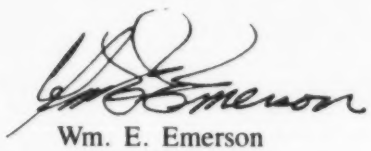
The Honourable Clayton S. Manness
Minister of Finance
Province of Manitoba
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Sir:

On June 5, 1989, the Crown Corporations Council was incorporated with responsibilities as defined under The Crown Corporations Public Review and Accountability Act.

I have the honour to transmit herewith the First Annual Report of the Crown Corporations Council, covering the partial fiscal year June 5, 1989 to December 31, 1989.

Respectfully submitted,



Wm. E. Emerson
Acting Chairman,
President and
Chief Executive Officer

May 31, 1990

CROWN CORPORATIONS COUNCIL

THE ACTING CHAIRMAN AND PRESIDENT'S REPORT ON 1989 ACTIVITIES

The first Board meeting of the Crown Corporations Council was held on Thursday, September 21, 1989. Significant matters dealt with included clarification of the role and responsibilities of the Council as related to the Crown Corporations Public Review and Accountability Act; comprehensive, periodic reviews of each Crown corporation and the development of comparative criteria for Crown corporations.

The Minister responsible for the Act and for the Crown Corporations Council, The Honourable Clayton Manness, provided the following comments: "In establishing the Council, government reached into the community to find the best people possible to give it sound advice on its Crown corporations and to ensure that the Crowns stayed within their mandates; a key objective of government is to provide greater accountability by the Crowns to the taxpayers of Manitoba."

The monitoring role and the resource role of the Council were clarified, as were the prime goals of capable management and public accountability of all Crowns. In addition to ongoing consultation between Council staff and senior Crown management, a limited number of manuals providing guidelines on various general business policies and procedures will be developed.

All Crown corporations' mandates and statements of purpose were reviewed by Council during 1989 and various approaches towards providing guidance to Crowns were determined.

Among criteria established by Council for assigning review priorities were the following:

1. The degree of dependence of Manitobans on the service or activity of each individual Crown corporation.

2. The existence and degree of public concern as:

   - Evidenced during previous independent examinations or inquiries.
   - Conveyed to the Council by the Minister.
   - Expressed directly to the Council from any credible source.

3. The impact of any Crown corporation and its activities on:

   - Provincial investment, production and employment.
   - The physical and social environment.
   - Requirements for public sector incentives, services or regulation.

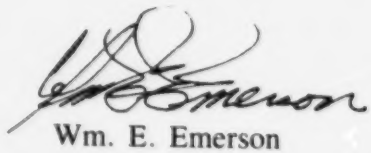
4. The imminence of major change in the business conditions of any Crown corporation due to:

- Altered regulatory requirements.
- Developments concerning trade in goods or services already handled or proposed to be handled; expansion or contraction of its market, both functionally and geographically.
- New or changed competition factors including altered demand or supply.
- Major technological changes both locally and globally that may impact on the Crown corporation.

During the year, senior officials of the Manitoba Telephone System met with Council members and provided a comprehensive presentation on MTS strategic objectives. Current trends and developments in telecommunications were discussed at length. A presentation was also made to Council by Manitoba Hazardous Waste Management Corporation on its mandate, its strategic plan and current circumstances. Senior staff from the corporation met with Council and thoroughly discussed site identification, risk management and generation of revenues.

In both instances, Council initiated reviews of these organizations.

December 31st was approved by the Council as the end of the Council's fiscal year. Two Council Committees, the Audit Committee and the Planning and Compensation Committee were established, and agreement was reached by the Council to tender for an external auditor.



Wm. E. Emerson
President and
Chief Executive Officer

May 31, 1990

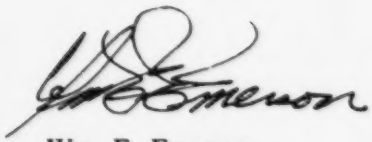
RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of the Crown Corporations Council is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in conformity with accounting principles generally accepted in Canada and reviewed and approved by the Audit Committee of the Board of Directors and the Board of Directors. The statements have been examined by Ernst & Young independent external auditors, whose opinion is included herein.

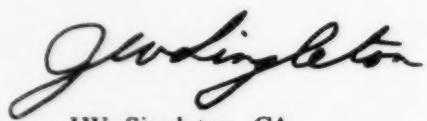
The preparation of the financial information contained in the annual report, necessarily involved the use of certain estimates and judgements which have been reached based on careful assessment of data available through the Council's information systems.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Council. Management maintains an appropriate system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements.

The Audit Committee of the Board of Directors meets periodically with financial officers of the Corporation and auditors. The auditors have free access to this committee to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.



Wm. E. Emerson
President and Chief Executive Officer



J.W. Singleton, CA
Vice President, Finance

AUDITORS' REPORT

To the Members of
Crown Corporations Council:

We have examined the balance sheet of Crown Corporations Council as at December 31, 1989 and the statement of operating expenses and reserve reflecting net investment in capital assets for the seven month period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Crown Corporations Council as at December 31, 1989 and the results of its operations for the seven month period then ended in accordance with generally accepted accounting principles.

Ernst & Young

Winnipeg, Canada,
April 10, 1990.

Ernst & Young,
Chartered Accountants.

CROWN CORPORATIONS COUNCIL

(Incorporated June 5, 1989 (note 1))

BALANCE SHEET

DECEMBER 31, 1989

ASSETS

Current:

Prepaid expenses	$ 5,418
Due from Manitoba Crown corporations	211,458
Capital assets held for resale - at net realizable value	10,543
	227,419
Furniture and equipment - at cost	18,412
Less accumulated depreciation	(1,841)
	16,571
Deferred retirement allowance benefits (net of amortization)	20,384
	$ 264,374

LIABILITIES AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

Current:

Accounts payable and accrued liabilities	$ 85,263
Due to Finance Manitoba	129,968
	215,231
Retirement allowance benefits payable	22,029
	$ 237,260
Reserve reflecting net investment in capital assets	27,114
	$ 264,374

Approved by the Board:

Acting Chairman Director

(see accompanying notes)

CROWN CORPORATIONS COUNCIL

STATEMENT OF OPERATING EXPENSES AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

FOR THE SEVEN MONTH PERIOD FROM JUNE 5, 1989 TO DECEMBER 31, 1989

Operating expenses	
Salaries and benefits	$ 112,630
Board remuneration and expenses	23,221
Professional fees	17,107
Write-down of capital assets held for resale	11,447
Rent and related costs	9,939
Telephone and courier	2,403
Secretarial services	1,936
Depreciation	1,841
Training and memberships	1,807
Equipment rental	1,043
Office supplies	970
	184,344
Recoveries from Manitoba Crown corporations through levies	211,458
Excess of levies over operating expenses for the period and reserve reflecting net investment in capital assets, end of period	$ 27,114

(see accompanying notes)

CROWN CORPORATIONS COUNCIL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989

1. Nature of Organization

The Crown Corporations Council (the "Council") is a body corporate established on June 5, 1989 under the Crown Corporations Public Review and Accountability Act.

The mandate of the Council is to build justifiable public confidence in the effective planning, execution and control of activities of Manitoba Crown corporations ("Crown corporations").

2. Significant accounting policies

a) Recoveries of expenses from Crown corporations through levies

i) Direct expenses and related levy

Direct expenses are incremental costs incurred by the Council exclusively on behalf of a particular Crown corporation.

Such costs are recovered directly from the Crown corporation on whose behalf they were incurred by assessing a levy equal to those costs. The Council accrues this levy at the time the direct costs are incurred.

No direct costs were incurred and no direct costs levies were assessed in the 1989 fiscal period.

ii) Operating expenses and related levy

Operating expenses, reflecting general purpose costs, are recovered from the Crown corporations through the assessment of a levy allocated on a pro rata basis determined by the gross revenues of the Crown corporation. The levy is recognized in these financial statements at the time the related costs are incurred.

2. **Significant accounting policies (continued)**

b) Deferred retirement allowance benefits

The Council is liable for the retirement allowance benefits earned by certain employees prior to their commencement of service with the Council. This amount has been recorded as a deferred charge in these financial statements and is being a. ortized on a straight-line basis over the expected service period of the related employees.

c) Reserve reflecting the net investment in capital assets

The purchase of capital costs is funded through the operating expense levy assessed to the Crown corporations. The reserve reflects levies assessed to the Crown corporations with respect to the Council's net capital assets.

d) Fixed assets

Fixed assets are recorded at cost. Depreciation is provided for on a straight line basis at a rate of 20%.

3. **Lease commitments**

The Council is committed under a premises lease expiring on April 30, 1995 to the following annual minimum rental payments:

1990	$20,000
1991	30,000
1992	30,000
1993	30,000
1994	30,000
1995	10,000

4. **Statement of cash flows**

A statement of cash flows has not been included in these financial statements as no additional useful information would be provided by its inclusion.

CROWN CORPORATIONS UNDER PURVIEW OF CROWN CORPORATIONS COUNCIL

December 31, 1989

A.E. McKenzie Co. Ltd.

Channel Area Loggers Ltd.

Communities Economic Development Fund

Liquor Control Commission

Manitoba Data Services

Manitoba Development Corporation

Manitoba Energy Authority

Manitoba Hazardous Waste Management Corporation

Manitoba Hydro-Electric Board

Manitoba Mineral Resources Ltd.

Manitoba Public Insurance Corporation

Manitoba Telephone System

Moose Lake Loggers Ltd.

Venture Manitoba Tours Ltd.

Crown Corporations Council

Comparative Operating Data of Corporations

(in thousands of dollars)

	CORPORATION	ASSETS	LIABILITIES	EQUITY	REVENUE	EXPENSES	NET INCOME
*	Manitoba Hydro-Electric Board	4,385,702	4,293,324	92,378	609,501	635,937	(26,436)
**	Manitoba Telephone System	1,035,946	948,591	87,355	473,834	458,389	15,445
****	Manitoba Public Insurance Corporation	626,371	568,636	57,735	384,325	353,895	30,430
*	Liquor Control Commission	15,997	15,997		374,567	224,365	150,202
**	Manitoba Data Services	23,614	14,709	8,905	30,126	27,924	2,202
**	Manitoba Mineral Resources Ltd.	24,622	438	24,184	17,082	12,506	4,576
***	A.E. McKenzie Co. Ltd.	8,185	2,078	6,107	14,374	14,079	295
*	Moose Lake Loggers Ltd.	791	465	326	3,923	3,956	(33)
*	Venture Manitoba Tours Ltd.	2,772	1,524	1,248	3,384	3,242	142
*	Communities Economic Development Fund	7,787	7,787		2,046	2,046	
*	Manitoba Development Corporation	21,894	21,642	252	1,821	1,573	248
*	Manitoba Energy Authority	413	430	(17)	1,735	1,668	67
*	Channel Area Loggers Ltd.	714	414	300	1,236	1,236	
**	Manitoba Hazardous Waste Management Corporation	537	301	236	11	1,375	(1,364)
		$6,155,345	$5,876,336	$279,009	$1,917,965	$1,742,191	$175,774

Notes:

Year ends are those for the most current year which has been tabled in the Manitoba Legislature

* Year ended March 31, 1989

** Year ended December 31, 1988

*** Year ended October 31, 1988

**** Year ended October 31, 1989